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SIPDIS
TELEGRAM

September 01, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 3975 - PRIORITY)
TAGS: BEXP, ETTC, PARM, PREL
Captions: None
Subject: (C) UAE'S ARABSAT BOARD MEMBER WEIGHS IN ON U.S.
LICENSING FOR LATEST PURCHASE
Ref: None

CONFIDENTIAL ABU DHABI 03975

SIPDIS
CXABU:

ACTION: DCM
INFO: POL ECON AMB
Laser1:
INFO: FCS

DISSEMINATION: DCM
CHARGE: PROG

APPROVED: CDA: RALBRIGHT
DRAFTED: FCS: NCHARLESPARKER
CLEARED: ECON: CMARTIN-CRUMPLER

VZCZCAD1997
PP RUEHC RUEHEE RUCPDOC
DE RUEHAD #3975 2441255
ZNY CCCCC ZZH
P 011255Z SEP 03
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC PRIORITY 1490
INFO RUEHEE/ARAB LEAGUE COLLECTIVE PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY

C O N F I D E N T I A L ABU DHABI 003975

SIPDIS

DEPT FOR NEA/ARP - MALENAS AND HEFFERNAN
USDOC FOR 3131/USFCS/OIO/ANESA/RD/BORR
RIYADH FOR FCS/DWALLACE

E.O. 12958: DECL 09/01/08

TAGS: BEXP ETTC PARM PREL TC

SUBJECT: (C) UAE'S ARABSAT BOARD MEMBER WEIGHS IN ON U.S.
LICENSING FOR LATEST PURCHASE

REF: A) STATE 237960 B) RIYADH 4217

¶1. (U) CLASSIFIED BY CHARGE D'AFFAIRES, A.I. RICHARD A. ALBRIGHT FOR REASONS 1.5 (B) AND (D).

¶2. (U) THIS IS AN ACTION REQUEST; PLEASE SEE PARAGRAPH 9.

¶3. (C) SENIOR COMMERCIAL OFFICER (SCO) AND SENIOR COMMERCIAL SPECIALIST VISITED UAE BOARD MEMBER TO ARABSAT, MOHAMED OMRAN, ON SEPTEMBER 1 TO LEARN OF HIS TAKE ON THE ARABSAT PURCHASE (SEE REFS). HE WAS MOST EAGER TO TALK ABOUT ARABSAT, HAVING BEEN ON

THE BOARD SINCE 1986. OMRAN CONTRASTED THURAYA, WHICH IS ONLY SEVERAL YEARS OLD, WITH THE OLDER ARABSAT, WHICH HAS ALWAYS BOUGHT ALCATEL SATELLITES.

¶14. (C) EGYPTIAN-EDUCATED OMRAN CLEARLY PREFERS U.S. TECHNOLOGY. HE INTIMATED THAT THE ARABSAT WORKING COMMITTEE, WHICH PRESENTS THE ARABSAT BOARD WITH THE BROAD OUTLINE ON WHICH TO VOTE, HAVING WORKED OUT THE DETAILS, WOULD PREFER U.S. TECHNOLOGY FOR THIS LATEST SATELLITE AND LAUNCH -- WHICH HE ESTIMATES ARE WORTH USD 350 MILLION TOTAL. HE SAID THAT ONE OF THE TWO U.S. COMPETITORS IS THE LOW BIDDER, BUT ADDED THAT ARABSAT DID NOT HAVE THE ADVANTAGE OF THURAYA WITH 50 PERCENT OF ITS 100 EMPLOYEES UAE NATIONALS, ESPECIALLY THOSE WITH TECHNICAL EXPERTISE. ARABSAT HAS SOME LIBYANS ON ITS STAFF.

¶15. (SBU/PROPIN) OMRAN SHOWED SCO A PAPER ENTITLED "US TECHNOLOGY EXPORT REQUIREMENTS," WHICH WAS GIVEN TO THE TWO U.S. COMPANIES. IT SAYS: "ARABSAT NEEDS ASSURANCE THAT, IF IT PURCHASES ANY U.S. MANUFACTURED SATELLITE(S) IT WILL BE TREATED NO LESS FAVORABLY THAN ANY OTHER NON-AMERICAN PURCHASER OF A U.S. SATELLITE. WITH THE FOREGOING IN MIND, PLEASE PROVIDE AN ORIGINAL LETTER, SIGNED BY THE AMBASSADOR OF THE UNITED STATES IN RIYADH, OR AN EQUIVALENT HIGH U.S. STATE DEPARTMENT OFFICIAL, WHICH STATES THE FOLLOWING: THAT THE TERMS OF ALL EXPORT LICENSES, APPROVALS, PERMITS, AND CONSENTS GRANTED ALLOW ARABSAT TO: (1) PURCHASE, OWN, LAUNCH, INSURE, AND OPERATE THE 4A AND 4B SATELLITES; AND (2) USE THE 4A AND 4B SATELLITES FOR ALL OF ARABSAT'S BUSINESS COMMERCIAL OPERATIONS; WILL BE NOT MORE RESTRICTIVE ON ARABSAT THAN THOSE CONDITIONS APPLIED TO OTHER INTERNATIONAL PURCHASES (FOR EXAMPLE, INMARSAT, EUTELSAT, TELESAT, ASTRA, OR INTELSAT) OF U.S.-MANUFACTURED SATELLITES, AND WILL NOT CONTAIN ANY OTHER CONDITIONS WHICH DIRECTLY OR INDIRECTLY OPERATE TO BE MORE RESTRICTIVE THAN THOSE CONDITIONS."

¶16. (SBU/PROPIN) THE DOCUMENT FURTHER STATES, "THAT ANY INDIVIDUAL CURRENTLY EMPLOYED BY ARABSAT IN THE OPERATION OF SATELLITES WILL BE APPROVED TO OPERATE THE 4A AND 4B SATELLITES (AND TO RECEIVE ALL TECHNOLOGY AND TECHNICAL DATA RELATIONS TO THE 4A AND 4B SATELLITES) REGARDLESS OF HIS NATIONALITY (BUT AFTER THAT (SIC) INDIVIDUAL HAS CLEARED STANDARD U.S. SECURITY CHECKS, ALTHOUGH SUCH CHECKS THEMSELVES SHALL NOT RESTRICT OR PROHIBIT ANY SUCH INDIVIDUAL FROM BEING APPROVED OR CLEARED BY REASON ONLY OF HIS NATIONALITY) IF NECESSARY, THROUGH THE GRANT OF A PRESIDENTIAL EXEMPTION."

¶17. (C) OMRAN SAID THAT ARABSAT MERELY WANTS TO BE TREATED NO MORE HARSHLY THAN OTHER NON-U.S. SATELLITE PURCHASERS AND HAS NO PROBLEM WITH HAVING ITS EMPLOYEES FROM COUNTRIES SUBJECT TO SANCTIONS BE INTERVIEWED AND SUBJECTED TO A SECURITY CHECK BY USG SECURITY PERSONNEL. OMRAN EXPLAINED THAT HE IS PART OF A WORKING COMMITTEE THAT DOES NOT INCLUDE LIBYANS, AND THEY SEEK TO WORK OUT THE DETAILS SO THAT THE BOARD MEMBERS "ARE NOT EMBARRASSED." (COMMENT: THIS INDICATES THAT THE FOCUS OF ATTENTION OF BOTH COMPANIES AND THE USG SHOULD BE WITH THE WORKING GROUP, SINCE BY THE TIME AN ISSUE REACHES THE BOARD THE DETAILS ARE PRETTY WELL WORKED OUT).

¶18. (C) OMRAN REQUESTED THAT SCO TRANSMIT THIS MESSAGE TO WASHINGTON, ALONG WITH THE ADMONITION THAT WE HAVE LITTLE TIME, SINCE THE DECISION WILL BE FINALIZED IN CAIRO DURING THE BOARD'S MEETING ON SEPTEMBER 25. HE CLEARLY WANTS TO BREAK THE FRENCH MONOPOLY, OBSERVING THAT WHILE BOTH BOEING AND LOCKHEED HAVE DOWNSIZED AND THE GLOBAL SATELLITE INDUSTRY IS DISTRESSED, THEY REMAIN EXCELLENT COMPANIES AND WOULD DO WELL TO SEIZE THE OPPORTUNITY TO SELL TO ARABSAT.

¶19. (C) ACTION REQUEST: OMRAN IS AWARE OF OUR SENSITIVITIES TO PASSING TECHNOLOGY TO LIBYANS (AND HAD OBTAINED FROM ARABSAT THE BLOOMFIELD LETTER PER REF A) AND IS LOOKING FOR A WORKABLE SOLUTION. BECAUSE OF HIS 16 YEARS WITH ARABSAT, WE BELIEVE OMRAN WIELDS MORE INFLUENCE IN ARABSAT THAN THE UAE'S MINORITY SHARE WOULD INDICATE. GIVEN THE MAJOR U.S. COMMERCIAL INTEREST IN THIS DEAL -- USD 350 MILLION AND AN APPROXIMATE 5,000 JOBS -- POST APPRECIATES FROM WASHINGTON ANY GUIDANCE WE CAN PROVIDE OMRAN. END ACTION REQUEST.

ALBRIGHT